

House File 2361 - Introduced

HOUSE FILE 2361
BY FORD

A BILL FOR

1 An Act providing for the establishment, funding, and bonding
2 authority of a state charter school institute and institute
3 charter schools.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.31, subsection 3, Code Supplement
2 2009, is amended to read as follows:

3 3. The committee shall review the proposed budget and
4 certified budget of each school district and institute charter
5 school, and may make recommendations to a school district, the
6 department of education, the state board of education, and to
7 the charter school institute. The committee may make decisions
8 affecting budgets to the extent provided in this chapter. The
9 costs and computations referred to in this section relate to
10 the budget year unless otherwise expressly stated.

11 Sec. 2. NEW SECTION. 256I.1 Definitions.

12 As used in this chapter, unless the context otherwise
13 requires:

14 1. "*Area education agency*" means an area education agency
15 established in accordance with section 273.2.

16 2. "*At-risk student*" means a student who meets any of the
17 following criteria:

18 a. Is eligible to receive free or reduced-cost lunch
19 pursuant to the provisions of the federal National School Lunch
20 Act, 42 U.S.C. § 1751 et seq.

21 b. Has performed at the proficiency level of low or
22 unsatisfactory on an assessment utilized by more than ninety
23 percent of the school districts in this state or on model
24 assessments developed pursuant to section 256.9, subsection 52,
25 paragraph "a".

26 3. "*Department*" means the department of education.

27 4. "*Director*" means the director of the department of
28 education.

29 5. "*Institute board*" means the governing board of the state
30 charter school institute that is appointed pursuant to section
31 256I.4.

32 6. "*Institute charter school*" means a charter school
33 authorized pursuant to section 256I.3.

34 7. "*School board*" means the board of directors of a school
35 district, a collaboration of boards of directors of school

1 districts, or the board of directors of an area education
2 agency, as the context requires.

3 8. "School district" means a school corporation organized
4 under chapter 274.

5 9. "State board" means the state board of education.

6 10. "State charter school institute" or "institute" means the
7 entity created pursuant to section 256I.2.

8 Sec. 3. NEW SECTION. 256I.2 State charter school institute
9 — established.

10 1. A state charter school institute is established within
11 the department.

12 2. The institute is established to do the following:

13 a. Review institute charter school applications and assist
14 in the establishment of institute charter schools throughout
15 the state.

16 b. Assist in the conversion of a school district charter
17 school to an institute charter school.

18 c. Approve or deny institute charter school applications
19 and revoke, renew, or refuse to renew institute charter school
20 contracts.

21 d. Monitor the operations of institute charter schools
22 and the academic achievement of students attending institute
23 charter schools, including compliance with applicable state and
24 federal accountability requirements.

25 e. Model best practices in authorizing institute charter
26 schools and make those practices available to school districts.

27 3. The institute is authorized to enter into contracts or
28 service agreements with any public or private contractor to
29 provide administrative services or technical assistance to
30 institute charter schools pursuant to this chapter. Any such
31 contract or service agreement shall also include provisions
32 establishing liquidated damages and penalties for failure to
33 comply with the terms and conditions of the contract or service
34 agreement and shall be in accordance with rules adopted by the
35 institute board.

1 4. For purposes of federal law, the state charter school
2 institute shall be a local educational agency, deemed to be
3 a public authority legally constituted within the state for
4 the administrative control and direction of, and to perform a
5 service function for, public elementary schools and secondary
6 schools in the state.

7 5. For purposes of the requirements of chapter 256B,
8 the state charter school institute shall be considered
9 an administrative unit of the department, responsible for
10 assisting in the delivery of federally required services to
11 students enrolled in institute charter schools. The institute
12 may provide or contract for the provision of services to a
13 student enrolled in an institute charter school.

14 6. The state charter school institute, in collaboration
15 with the school budget review committee, shall be responsible
16 for monitoring the fiscal management of each institute charter
17 school. Each institute charter school shall annually provide
18 to the institute the results of an independent financial audit
19 of the institute charter school. The institute shall report to
20 the state board and the school budget review committee the same
21 financial information in the same format that school districts
22 are required to report to the state board and the school budget
23 review committee. Institute charter schools shall submit
24 to the institute any financial information required by the
25 institute.

26 7. The institute and institute charter schools shall be
27 deemed part of the uniform system of free public schools to
28 be established and maintained by the state. The state board
29 shall have general supervisory authority over institute charter
30 schools.

31 8. The institute, by virtue of its functions and duties,
32 shall not be deemed to be a school district for any purpose.

33 **Sec. 4. NEW SECTION. 256I.3 Institute chartering authority**
34 **— institute charter schools.**

35 1. The institute may approve or deny an application

1 submitted for the establishment of an institute charter school
2 pursuant to this chapter.

3 2. An institute charter school applicant may submit an
4 application to the institute only if the school district in
5 which the institute charter school is to be located has not
6 retained exclusive authority to authorize all types of charter
7 schools as provided in subsection 5. If a school district
8 has not retained exclusive authority to authorize all types
9 of charter schools as provided in subsection 5, the school
10 district and the institute shall have concurrent authority
11 to authorize charter schools and institute charter schools,
12 respectively, to be located within the geographic boundaries
13 of the school district. The school district shall monitor and
14 oversee all charter schools authorized by the school district
15 pursuant to chapter 256F and the institute shall monitor
16 and oversee all institute charter schools authorized by the
17 institute pursuant to this chapter.

18 3. Nothing in this chapter shall be construed to eliminate
19 the ability of a school district to authorize charter schools
20 pursuant to chapter 256F. A school district shall retain the
21 authority to reauthorize and to oversee any charter school
22 which it has authorized, except with respect to any charter
23 school that is converted to an institute charter school
24 pursuant to this chapter.

25 4. *a.* For the school year beginning July 1, 2012, and
26 for each school year thereafter, a school board may seek to
27 retain exclusive authority to authorize all types of charter
28 schools within the geographic boundaries of the school district
29 by presenting to the state board, on or before March 1 of the
30 school year prior to that for which the exclusive authority
31 is to apply, a written resolution adopted by the school
32 board indicating the intent to retain exclusive authority to
33 authorize all types of charter schools. The written resolution
34 shall be accompanied by a written description of those
35 portions of subsection 5 that the school district intends to

1 demonstrate. The school board shall provide a complete copy
2 of the resolution, including the description, to each charter
3 school authorized by the school board on or before the date the
4 school board submits the resolution to the state board.

5 *b.* A party may challenge the grant of exclusive authority
6 made by the state board pursuant to subsection 5 by filing
7 with the state board a notice of challenge within thirty days
8 after the state board grants exclusive authority. The notice
9 shall be accompanied by a specific written description of
10 the basis for the challenge. The challenging party, at the
11 time of filing notice with the state board, shall provide a
12 copy of the notice of challenge to the school district that
13 has been granted exclusive authority. The state board shall
14 permit the school district the opportunity to appear and
15 respond in writing to the challenge. The state board shall
16 make a determination upon the challenge within sixty days after
17 receipt of the notice of challenge.

18 *c.* For the school years beginning July 1, 2010, and July 1,
19 2011, a school board may seek to retain the exclusive authority
20 to authorize all types of charters schools by presenting to the
21 state board the written resolution on or before a date sixty
22 days after the effective date of this chapter. This paragraph
23 is repealed July 1, 2012.

24 5. *a.* The state board shall grant to the board of directors
25 of a school district exclusive authority to authorize all types
26 of charter schools within the geographic boundaries of the
27 school district if the state board determines, after adequate
28 notice and in a public hearing and after receiving input from
29 any charter schools authorized by the school board, that the
30 school board has provided fair and equitable treatment to its
31 charter schools during the four years prior to the school
32 board's submission of the resolution described in subsection 4.

33 *b.* Notwithstanding any other provision of this subsection
34 to the contrary, the state board shall grant to a school board
35 exclusive authority to authorize all types of charter schools

1 within the geographic boundaries of the school district if the
2 school district certifies any of the following:

3 (1) The total pupil enrollment of the school district is
4 less than three thousand pupils.

5 (2) The percentage of pupils who are eligible for free or
6 reduced-cost lunch pursuant to the provisions of the federal
7 National School Lunch Act, 42 U.S.C. § 1751, et seq., and
8 who enrolled in all types of charter schools authorized by
9 the school district is greater than the percentage that is
10 one percentage point below the overall percentage of pupils
11 eligible for free or reduced-cost lunch who are enrolled in the
12 school district.

13 (3) The total number of students enrolled in all types
14 of charter schools authorized by the school district, or the
15 maximum number of students allowed to be enrolled pursuant to
16 charter school contracts entered into by the school district,
17 whichever is greater for the budget year, is equivalent to
18 more than three percent of the school district's certified
19 enrollment for the budget year.

20 (4) The district has not been identified as a district in
21 need of assistance under the federal No Child Left Behind Act
22 of 2001, Pub. L. No. 107-110.

23 *c.* A grant of exclusive authority by the state board shall
24 continue so long as a school district continues to comply with
25 the provisions of this subsection and has presented a written
26 resolution to the state board as set forth in subsection 4.

27 *d.* Notwithstanding any other provision of this section to
28 the contrary, a school board may permit the establishment of
29 one or more institute charter schools within the geographic
30 boundaries of the school district by adopting a favorable
31 resolution and submitting the resolution to the state board.
32 The resolution shall be effective until it is rescinded by
33 resolution of the school board.

34 **Sec. 5. NEW SECTION. 256I.4 Institute board — appointment**
35 **— powers and duties.**

1 1. The policymaking body for the institute is the
2 institute board, the members of which are appointed pursuant
3 to subsection 2. In accordance with available funding,
4 the institute board may employ appropriate staff consistent
5 with the merit system provisions of chapter 8A, subchapter
6 IV, except that all positions classified by the institute
7 board as professional officers and professional staff of the
8 institute are declared to be educational in nature and exempt
9 from the merit system. The institute board may contract for
10 professional services with persons who are not state employees.

11 2. *a.* The institute board shall consist of nine members.
12 Seven of the members shall be appointed by the governor,
13 subject to confirmation by the senate, and two of the members
14 shall be appointed by the director. Appointments to the board
15 are subject to sections 69.16, 69.16A, and 69.19, and in making
16 appointments, the governor and the director shall ensure the
17 institute board reflects the geographic diversity of the state.
18 Members appointed to the institute board shall have experience
19 in at least one of the following areas:

20 (1) Experience as a charter school board member or founder
21 of a charter school.

22 (2) Experience as a public school administrator with
23 experience working with charter schools.

24 (3) Financial management expertise.

25 (4) Detailed knowledge of charter school law.

26 (5) Other board or public service experience.

27 (6) Experience as a public school teacher.

28 (7) School district special education expertise.

29 (8) Curriculum and assessment expertise.

30 *b.* (1) The members of the institute board shall serve
31 terms of three years. No member shall serve more than six
32 consecutive years.

33 (2) Notwithstanding subparagraph (1), of the members
34 appointed by the governor to the initial board, two members
35 shall serve a term of three years, three members shall serve

1 a term of two years, and two members shall serve a term of
2 one year; and of the members appointed by the director to the
3 initial board, one member shall serve a term of three years
4 and one member shall serve a term of one year. The governor
5 and the director shall make the initial appointments no later
6 than thirty days after the effective date of this Act. This
7 subparagraph is repealed July 1, 2017.

8 *c.* An institute board member may be removed for any cause
9 that renders the member incapable or unfit to discharge the
10 duties of the office. Whenever a vacancy on the institute
11 board exists, the person making the original appointment shall
12 appoint a member for the remaining portion of the unexpired
13 term created by the vacancy.

14 3. The mission of the institute board shall be to foster
15 high-quality public school choices offered through institute
16 charter schools, including particularly schools for at-risk
17 students. In discharging its duties pursuant to this chapter,
18 the institute shall do the following:

19 *a.* Act as a model of best practices in authorizing charter
20 schools.

21 *b.* Use state and federal systems for ensuring the
22 accountability of each institute charter school in meeting the
23 obligations and goals set forth in its contract.

24 *c.* Measure the academic success of each institute charter
25 school student through longitudinal indices.

26 *d.* Measure the academic success of each institute charter
27 school through performance-based means and not process-based
28 means.

29 4. In addition to any other powers granted by law to the
30 institute board, the institute board shall have the following
31 powers:

32 *a.* To sue and be sued in its own name.

33 *b.* To incur debts, liabilities, and obligations, subject to
34 any limitations imposed thereon pursuant to law.

35 *c.* To cooperate and contract with the state or federal

1 government or an agency or instrumentality thereof and to apply
2 for and receive grants or financial assistance from any such
3 entities.

4 *d.* To acquire, hold, lease, sell, or otherwise dispose of
5 real or personal property or a commodity or service.

6 *e.* To do or perform an act authorized by this chapter
7 by means of an agent or by contract with a person, firm, or
8 corporation.

9 *f.* To provide for the necessary expenses of the institute
10 board in the exercise of its powers and the performance of its
11 duties and to reimburse a board member for necessary expenses
12 incurred in the performance of the board member's duties.

13 *g.* To provide for the proper keeping of accounts and records
14 and for budgeting of funds.

15 *h.* To adopt rules pursuant to chapter 17A.

16 5. No later than ninety days after the date the institute
17 commences operations, as described in section 256I.5,
18 subsection 3, paragraph "a", the institute board shall
19 promulgate rules that set forth the procedures for the
20 acceptance of institute charter school applications and the
21 criteria for authorizing institute charter schools pursuant to
22 this chapter.

23 6. *a.* The institute may contract with boards of area
24 education agencies or with any other qualified individual or
25 public or private entity or organization, including a school
26 district, for the provision of administrative or other support
27 services directly to the institute or for the benefit of
28 institute charter schools.

29 *b.* This chapter shall not be construed to require the
30 institute to provide services to an institute charter school,
31 to require an institute charter school to purchase services
32 from the institute, or to prohibit an institute charter school
33 from purchasing education-related services from any sources
34 available, including a school district.

35 7. The institute shall ensure that each institute

1 charter school complies with the requirements of section
2 256.7, subsection 21, relating to multiple assessments, the
3 comprehensive school improvement plan, and reports. Each
4 institute charter school shall be responsible for gathering
5 and submitting to the institute the data necessary to prepare
6 a comprehensive school improvement plan and to provide
7 information as required by the department.

8 8. The institute shall ensure that each institute charter
9 school adopts core content standards in a manner consistent
10 with that required of school districts pursuant to section
11 256.7, subsection 28.

12 9. The institute shall ensure that each institute charter
13 school addresses the expulsion, suspension, and education of
14 expelled or suspended students in a manner consistent with
15 the intents and purposes of sections 275.55A, 279.9A, 279.9B,
16 280.17B, 280.21B, and 282.4.

17 10. The institute may issue requests for proposals to
18 solicit applications for an institute charter school to serve
19 at-risk students.

20 11. The institute shall annually review each institute
21 charter school's accomplishment of the goals described in
22 section 256I.8.

23 12. The members or employees or agents of the institute who
24 act in accordance with the provisions of this chapter shall
25 not be liable on account of any act or omission performed in
26 good faith while engaged in the performance of their duties
27 under this chapter, if the act or omission does not constitute
28 willful misconduct, gross negligence, or recklessness.

29 **Sec. 6. NEW SECTION. 256I.5 Fund — created.**

30 1. A charter school institute fund is created in the state
31 treasury under the control of the institute.

32 2. The institute is authorized to receive and expend gifts,
33 grants, and donations of any kind from any public or private
34 entity to carry out the purposes of this chapter, subject to
35 the terms and conditions under which given; except that no

1 gift, grant, or donation shall be accepted if the conditions
 2 attached require the use or expenditure of funds in a manner
 3 contrary to law. Any gifts, grants, or donations received
 4 pursuant to this subsection shall be transmitted to the
 5 treasurer of state, who shall credit the same to the charter
 6 school institute fund. Moneys in the fund shall be subject to
 7 annual appropriation by the general assembly to the institute,
 8 to offset the actual and reasonable costs incurred by the
 9 institute in administering this chapter. Notwithstanding
 10 section 12C.7, subsection 3, all investment earnings derived
 11 from the deposit and investment of the moneys in the fund shall
 12 be credited to the fund. Notwithstanding section 8.33, any
 13 unexpended and unencumbered moneys remaining in the fund at the
 14 end of any fiscal year shall remain in the fund and shall not be
 15 transferred to the general fund or any other fund.

16 3. *a.* The institute shall not be obligated to commence
 17 operations necessary to receive applications, until such time
 18 as the balance in one fund reaches at least fifty thousand
 19 dollars, whether received from gifts, grants, donations, or
 20 other sources.

21 *b.* The institute shall not be obligated to commence review
 22 of applications actually received, until such time as the
 23 balance in the fund reaches at least one hundred fifty thousand
 24 dollars, whether received from gifts, grants, donations, or
 25 other sources.

26 **Sec. 7. NEW SECTION. 256I.6 Institute charter school —**
 27 **requirements — authority.**

28 1. *a.* An institute charter school shall be a public,
 29 nonsectarian, nonreligious, nonhome-based school that operates
 30 pursuant to a charter contract authorized by the state charter
 31 school institute.

32 *b.* An institute charter school shall exist as a public
 33 school within the state, unaffiliated with a school district.
 34 Nothing in this chapter shall be construed to permit a school
 35 district to determine curriculum, policies, procedures, or

1 operations of an institute charter school, including but not
2 limited to compliance with the accountability provisions
3 specified in this title, accreditation contracts, and statewide
4 assessment requirements.

5 *c.* An institute charter school shall provide special
6 education services in accordance with chapter 256B.

7 2. An institute charter school shall be all of the
8 following:

9 *a.* Subject to the terms of the charter contract entered into
10 with the institute.

11 *b.* Accountable to the institute for purposes of ensuring
12 compliance with applicable laws and charter contract
13 provisions.

14 *c.* Subject to the accreditation process established pursuant
15 to section 256.11, subsections 10, 11, and 12.

16 3. An institute charter school shall be subject to
17 all federal and state laws and constitutional provisions
18 prohibiting discrimination on the basis of disability, race,
19 creed, color, gender, sexual orientation, gender identity,
20 national origin, religion, ancestry, or need for special
21 education services. Enrollment in an institute charter school
22 shall be open to any child who resides within the state;
23 except that an institute charter school shall not be required
24 to make alterations in the structure of the facility used by
25 the institute charter school or to make alterations to the
26 arrangement or function of rooms within the facility, except as
27 may be required by state or federal law. Enrollment decisions
28 shall be made in a nondiscriminatory manner specified by the
29 applicant in the institute charter school application.

30 4. An institute charter school shall be administered and
31 governed by a governing body in a manner agreed to and set
32 forth in the charter contract.

33 5. An institute charter school shall not charge tuition
34 to students who are residents between the ages of five and
35 twenty-one years of age in accordance with section 282.6.

1 6. Pursuant to the charter contract, an institute charter
2 school may operate free from specified statutes and state
3 board rules in accordance with the process established under
4 section 256I.7, subsection 2. The state board may waive state
5 statutory requirements or rules promulgated by the state board;
6 except that the state board shall not waive any state statute
7 or rule relating to the assessments, the comprehensive school
8 improvement plan, and reports required pursuant to section
9 256.7, subsection 21. Any waiver of state statute or state
10 board rule made pursuant to this subsection shall be for the
11 term of the contract for which the waiver is made. A request
12 for a waiver may be submitted to the institute as a part of the
13 application for an institute charter school.

14 7. *a.* An institute charter school shall be responsible for
15 its own operation including but not limited to preparation of a
16 budget, contracting for services, and personnel matters.

17 *b.* An institute charter school may negotiate and contract
18 with a school district, the governing body of a community
19 college or institution of higher education governed by the
20 state board of regents, or any third party for the use of a
21 school building and grounds, the operation and maintenance
22 thereof, and the provision of any service, activity, or
23 undertaking that the institute charter school is required to
24 perform in order to carry out the educational program described
25 in its charter contract. The institute charter school shall
26 have standing to sue and be sued in its own name for the
27 enforcement of any contract created pursuant to this paragraph.

28 8. An institute charter school is authorized to offer any
29 educational program, including but not limited to an online
30 program that may be offered by a school district, unless
31 expressly prohibited by its charter contract or by state law.
32 An institute charter school that provides vocational education
33 shall be eligible for federal funds.

34 9. All decisions regarding the planning, siting, and
35 inspection of institute charter school facilities shall be made

1 in accordance with the state building code in the absence of
2 a local building code, and as specified by contract with the
3 institute.

4 10. An institute charter school shall comply with federal
5 and state laws and regulations relating to the federal National
6 School Lunch Act and the federal Child Nutrition Act of 1966,
7 42 U.S.C. § 1751-1785, and chapter 283A, and shall be eligible
8 for state and federal funds allocated for purposes of chapter
9 283A.

10 Sec. 8. NEW SECTION. 256I.7 Institute charter school —
11 contract contents — regulations — repeal.

12 1. An approved institute charter school application shall
13 serve as the basis for a charter contract between the institute
14 charter school and the institute.

15 2. The charter contract between the institute charter
16 school and the institute shall reflect all requests for release
17 from state statutes and rules made by the institute charter
18 school applicant. Within forty-five days after a request for
19 release is received by the state board, the state board shall
20 either grant or deny the request. If the state board grants
21 the request, it may orally notify the institute charter school
22 of its decision. If the state board denies the request, it
23 shall notify the institute charter school in writing that the
24 request is denied and specify the reasons for denial. If the
25 institute charter school does not receive notice of the state
26 board's decision within forty-five days after submittal of the
27 request for release, the request shall be deemed granted. If
28 the state board denies a request for release that includes
29 multiple state statutes or rules, the denial shall specify the
30 state statutes and rules for which the release is denied, and
31 the denial shall apply only to those state statutes and rules
32 so specified.

33 3. A material revision of the terms of the charter contract
34 may be made only with the approval of the institute and the
35 governing body of the institute charter school.

1 4. Any term included in a charter contract that would
2 require an institute charter school to waive or otherwise
3 forego receipt of any amount of operational or capital
4 construction funds provided to the institute charter school
5 pursuant to the provisions of this chapter or pursuant to any
6 other provision of law is hereby declared null and void as
7 against public policy and is unenforceable.

8 Sec. 9. NEW SECTION. 256I.8 Institute charter school
9 application.

10 1. The institute charter school application shall be a
11 proposed agreement that shall include all of the following:

12 a. The mission statement of the institute charter school.

13 b. The goals, objectives, and pupil performance standards,
14 in compliance with state and federal law, to be achieved by the
15 institute charter school for all students who enroll.

16 c. Evidence that an adequate number of parents, teachers,
17 pupils, or any combination thereof, support the formation of an
18 institute charter school.

19 d. A description of the institute charter school's
20 educational program and the plan for administration of the
21 assessments required pursuant to section 256.7, subsection 21.

22 e. A description of the institute charter school's plan for
23 evaluating pupil performance, the types of assessments that
24 will be used to measure pupil progress towards achievement of
25 the institute charter school's pupil performance goals for all
26 students enrolled, the timeline for achievement of the goals,
27 and the procedures for taking corrective action in the event
28 that pupil performance at the institute charter school falls
29 below such goals.

30 f. Evidence that the plan for the institute charter school
31 is economically sound, a proposed budget for the term of the
32 contract, and a description of the manner in which an annual
33 audit of the financial and administrative operations of the
34 institute charter school will be conducted.

35 g. A description of the governance and operation of the

1 institute charter school, including the nature and extent of
2 parental, professional educator, and community involvement in
3 the governance and operation of the institute charter school.

4 *h.* An explanation of the relationship that will exist
5 between the institute charter school and its employees, and the
6 employment policies of the institute charter school.

7 *i.* A plan for the institute charter school to meet
8 applicable insurance coverage requirements.

9 *j.* A plan for the institute charter school to conduct
10 community outreach to recruit and retain at-risk students.

11 *k.* A description of the institute charter school's
12 enrollment policy, consistent with the requirements of
13 section 256I.6, subsection 3, and the criteria for enrollment
14 decisions.

15 *l.* A description and plan for a partnership with one or
16 more businesses. Applicants are strongly encouraged to partner
17 the proposed institute charter school with an accredited
18 postsecondary educational institution and to include the
19 description and plan for that partnership in the application.

20 2. *a.* Except as otherwise provided in section 256I.5,
21 subsection 3, paragraph "a", the institute shall receive and
22 review all applications for institute charter schools. An
23 application for an institute charter school may be submitted
24 by one or more individuals, by a nonprofit, governmental, or
25 other entity or organization, or by an existing charter school
26 authorized by a school district. The institute's approval
27 of an application from an existing charter school shall not
28 relieve the charter school of any preexisting contractual
29 obligations or relationships, including obligations of the
30 charter school due to the school district that authorized the
31 charter school. The transfer of oversight of a charter school
32 from a school district to the institute shall not be deemed
33 a dissolution or other event that empowers or obligates the
34 school district to discontinue the charter school's affairs or
35 to dispose of the charter school's assets. An entity applying

1 for an institute charter school shall file an application with
2 the institute by a date determined by rule of the institute
3 board to be eligible for consideration for the following school
4 year. Prior to any change in the application deadline, the
5 institute shall notify each known institute charter school
6 applicant of the proposed change by certified letter. If
7 the institute finds the institute charter school application
8 is incomplete, the institute shall request the necessary
9 information from the applicant.

10 *b.* The institute board shall set forth by rule all necessary
11 procedures for the application process and for application
12 review by the institute and the institute board. The rules
13 shall describe a rigorous review of the application that
14 includes but is not limited to the following key evaluative
15 areas involving the institute charter school:

16 (1) Curriculum and instructional program.

17 (2) Nonacademic program characteristics.

18 (3) Financial viability.

19 (4) Appropriate governance model and proposed practices.

20 (5) Appropriate, consistent, clear, and measurable
21 accountability systems.

22 (6) The extent to which the instructional program fits the
23 mission statement of the institute charter school.

24 *c.* The rules adopted pursuant to paragraph "b" shall
25 require the applicant to provide written notification of the
26 application to the board of directors of the school district
27 in which the proposed institute charter school is intended
28 to be located and that school district's school improvement
29 advisory committee. The rules shall permit the school board
30 and the school improvement advisory committee to submit to the
31 institute written comments concerning the institute charter
32 school application.

33 3. The institute board shall hold a public hearing on
34 the application for an institute charter school, following
35 reasonable public notice, within sixty days after receiving the

1 application filed pursuant to subsection 1. All negotiations
2 between the institute charter school and the institute on the
3 charter contract shall be concluded, and all terms of the
4 charter contract agreed upon, no later than forty-five days
5 after the institute board approves the application for an
6 institute charter school.

7 4. The institute charter school applicant and the institute
8 may jointly waive the deadlines set forth in this section.

9 5. If the institute denies an institute charter school
10 application, it shall state its reasons for the denial. Within
11 thirty days after the denial, the entity that submitted the
12 institute charter school application may submit to the state
13 board a notice of appeal, stating the grounds for the appeal.

14 6. Within sixty days after receipt of a notice of appeal
15 by the state board and after reasonable public notice, the
16 state board shall review the decision of the institute and
17 determine whether the decision was arbitrary and capricious.
18 The state board shall remand the matter to the institute with
19 instructions to approve or deny the institute charter school
20 application. The decision of the state board shall be final
21 and not subject to appeal.

22 Sec. 10. NEW SECTION. 256I.9 **Renewal, nonrenewal, or**
23 **revocation of institute charter school contract — term —**
24 **appeal.**

25 1. *a.* A new charter contract for an institute charter
26 school may be approved for succeeding periods of at least three
27 academic years but not more than five academic years, and the
28 charter contract may be renewed for a period not to exceed five
29 academic years.

30 *b.* Notwithstanding the provisions of paragraph "a", an
31 institute charter school and the institute may agree to
32 extend the length of the charter contract beyond five academic
33 years for the purpose of enhancing the terms of any lease or
34 financial obligation.

35 2. An institute charter school shall submit an annual report

1 to the institute on the institute charter school's progress in
2 achieving the goals, objectives, pupil performance standards,
3 content standards, and other terms of the charter contract.
4 The institute shall consider, during the review of a renewal
5 application, the annual reports submitted by the institute
6 charter school during the term of the charter contract.

7 3. The institute board may revoke or deny renewal of a
8 charter contract if the institute board determines that the
9 institute charter school did any of the following:

10 a. Committed a material violation of any of the conditions,
11 standards, or procedures set forth in the charter contract of
12 the institute charter school.

13 b. Failed to meet or make reasonable progress toward
14 achievement of the core content standards or pupil performance
15 standards identified in the charter contract of the institute
16 charter school.

17 c. Received a substandard overall academic performance
18 rating upon the completion of the third school year of
19 operation under a comprehensive school improvement plan
20 submitted pursuant to section 256.7, subsection 21, and the
21 state board recommended that the institute charter school be
22 converted to a charter school under contract with a school
23 district in accordance with chapter 256F.

24 d. Failed to meet generally accepted accounting principles
25 of fiscal management.

26 e. Violated any provision of law from which the institute
27 charter school was not specifically exempted.

28 4. In addition, the institute board may deny renewal of a
29 charter contract upon a determination by the institute board
30 that it is not in the best interests of the pupils attending
31 the institute charter school to continue the operation of the
32 institute charter school.

33 5. a. If the institute revokes or denies renewal of a
34 charter contract of an institute charter school, the institute
35 board shall state its reasons for the revocation or denial.

1 *b.* (1) The state board, upon receipt of a notice of
2 appeal or upon its own motion, may review decisions of the
3 institute board concerning the revocation or nonrenewal of an
4 institute charter school's charter contract. An institute
5 charter school or any other person who wishes to appeal a
6 decision of the institute board concerning the revocation
7 or nonrenewal of a charter contract shall provide the state
8 board and the institute board with a notice of appeal within
9 thirty days after the institute board's decision. The person
10 bringing the appeal shall limit the grounds of the appeal to
11 the grounds for the revocation or the nonrenewal of the charter
12 contract specified by the institute board. The notice shall
13 include a brief statement of the reasons the person contends
14 the institute board's revocation or nonrenewal of the charter
15 contract was in error.

16 (2) Within sixty days after receipt of the notice of appeal
17 or the making of a motion to review by the state board and after
18 reasonable public notice, the state board, at a public hearing
19 which may be held in the school district in which the institute
20 charter school is located, shall review the decision of the
21 institute board and make its findings. If the state board
22 finds that the institute board's decision was contrary to the
23 best interests of the pupils attending the institute charter
24 school, the state board shall remand such final decision to the
25 institute board with instructions to renew or reinstate the
26 charter contract of the institute charter school. The decision
27 of the state board shall be final and not subject to appeal.

28 Sec. 11. NEW SECTION. 256I.10 Institute charter schools
29 — employee retirement funds.

30 A school board shall determine by policy or by negotiated
31 agreement, if one exists, the employment status of school
32 district employees employed by an institute charter school who
33 seek to return to employment with public schools in the school
34 district. Employees of an institute charter school shall be
35 members of the Iowa public employees' retirement system created

1 under chapter 97B. The institute charter school and the
2 employee shall contribute the appropriate respective amounts as
3 required pursuant to section 97B.11.

4 Sec. 12. NEW SECTION. 256I.11 Institute charter schools —
5 district charter schools — funding.

6 1. A pupil enrolled in an institute charter school shall
7 be counted, for state school foundation aid purposes, in the
8 pupil's district of residence. A pupil's residence, for
9 purposes of this section, means a residence under section
10 282.1. The board of directors of the district of residence
11 shall pay to the institute the state cost per pupil for the
12 previous school year, plus any moneys received for the pupil
13 on a pro rata basis pursuant to section 279.51, and any moneys
14 received for the pupil as a result of the non-English speaking
15 weighting under section 280.4, subsection 3, for the previous
16 school year multiplied by the state cost per pupil for the
17 previous year. The school district of residence shall also
18 pay to the institute the sales tax capacity per student amount
19 the school district received for the pupil for the previous
20 school year pursuant to section 423E.4. If the pupil enrolled
21 in an institute charter school is also an eligible pupil under
22 section 261E.6, the institute charter school shall pay the
23 tuition reimbursement amount to an eligible postsecondary
24 institution as provided in section 261E.7.

25 2. As part of the charter contract, the institute charter
26 school and the institute shall agree on funding and any
27 services to be provided by the institute or by other parties to
28 the institute charter school.

29 3. a. Each institute charter school and the institute shall
30 negotiate funding under the charter contract at a minimum of
31 ninety-five percent of the institute charter school's per pupil
32 revenues generated pursuant to subsection 1 for each pupil
33 enrolled in the institute charter school. The institute may
34 retain the actual amount of the institute charter school's per
35 pupil share of the administrative overhead costs for services

1 actually provided to the institute charter school; except that
2 the institute may retain no more than the actual cost of the
3 administrative overhead costs not to exceed three percent of
4 the institute charter school's per pupil revenues for each
5 pupil enrolled in the institute charter school pursuant to
6 subsection 1.

7 *b.* Each institute charter school shall pay to the
8 institute an amount equal to the per pupil cost incurred by
9 the institute in providing federally required educational
10 services, multiplied by the number of students enrolled in
11 the institute charter school. At either party's request, the
12 institute charter school and the institute may negotiate and
13 include in the charter contract alternate arrangements for the
14 provision of and payment for federally required educational
15 services, including but not limited to a reasonable reserve
16 not to exceed five percent of the institute's total budget for
17 providing federally required educational services. The reserve
18 shall only be used by the institute to offset excess costs of
19 providing services to students with disabilities enrolled in
20 any institute charter school.

21 *c.* As part of the institute charter school contract, the
22 institute charter school and the institute board shall agree on
23 the services, other than necessary administration, oversight,
24 and management services, to be provided to the institute
25 charter school by any third party with which the institute
26 or institute charter school contracts and the costs of the
27 services.

28 4. Within ninety days after the end of each fiscal year,
29 the institute shall provide to each institute charter school
30 an itemized accounting of all the institute's administrative
31 overhead costs. The actual administrative overhead costs shall
32 be the amount charged to the institute charter school. Any
33 difference, within the limitations of subsection 3, between the
34 amount initially charged to the institute charter school and
35 the actual cost shall be reconciled and paid to the owed party.

1 5. The funding provided by the institute to an institute
2 charter school pursuant to this section shall be reduced by the
3 amount of any direct payments of principal and interest due on
4 bonds issued on behalf of an institute charter school by the
5 charter school institute for the purpose of financing institute
6 charter school capital construction in accordance with section
7 423E.5.

8 6. *a.* The governing body of an institute charter school
9 is authorized to accept gifts, donations, or grants of any
10 kind made to the institute charter school and to expend or
11 use said gifts, donations, or grants in accordance with the
12 conditions prescribed by the donor; however, no gift, donation,
13 or grant shall be accepted by the governing body if subject to
14 any condition contrary to law or contrary to the terms of the
15 charter contract between the institute charter school and the
16 institute.

17 *b.* Moneys received by an institute charter school from any
18 source and remaining in the institute charter school's accounts
19 at the end of a budget year shall remain in the institute
20 charter school's accounts for use by the institute charter
21 school during subsequent budget years and shall not revert to
22 the state. Moneys remaining in the institute charter school's
23 accounts upon revocation or nonrenewal of the charter contract
24 shall revert to the institute; except that any gifts shall be
25 disposed of in accordance with any conditions prescribed by the
26 donor that are not contrary to law.

27 Sec. 13. NEW SECTION. 256I.12 Institute charter school —
28 capital reserve, risk management, and instructional purposes.

29 1. The institute shall require each institute charter
30 school annually to allocate a minimum per pupil dollar amount
31 specified by the institute to a fund created by the institute
32 charter school for capital reserve purposes or for insurance
33 to protect the institute charter school from tort liability,
34 loss of property, environmental hazards, or any other risk
35 associated with the operation of the institute charter school.

1 Moneys in the fund shall be used only for the purposes set
2 forth in this subsection and shall not be expended by the
3 institute charter school for any other purpose.

4 2. Each institute charter school shall annually allocate
5 a minimum per pupil dollar amount specified by the charter
6 school institute to a fund created by the institute charter
7 school for instructional supplies and materials, instructional
8 capital outlays, or other instructional purposes agreed to by
9 the institute and the institute charter school. The moneys
10 in the fund shall be used for the purposes set forth in this
11 subsection and shall not be expended by the institute charter
12 school for any other purpose. Any moneys in the accounts that
13 are not projected to be expended during a budget year shall be
14 budgeted for the next budget year. Nothing in this subsection
15 shall be construed to require that interest on moneys in the
16 fund be specifically allocated to the fund.

17 Sec. 14. Section 423E.5, subsections 1 and 2, Code 2009, are
18 amended to read as follows:

19 1. The board of directors of a school district and the
20 board of directors of the charter school institute shall be
21 authorized to issue negotiable, interest-bearing school bonds,
22 without election, and utilize tax receipts derived from the
23 sales and services tax for school infrastructure purposes and
24 the supplemental school infrastructure amount distributed
25 pursuant to section 423E.4, subsection 1, paragraph "b", and
26 revenues received pursuant to section 256I.11, subsection
27 1, or section 423F.2, for principal and interest repayment.
28 Proceeds of the bonds issued pursuant to this section shall
29 be utilized solely for school infrastructure needs as school
30 infrastructure is defined in section 423E.1, subsection 3, Code
31 2007, and section 423F.3. Bonds issued under this section may
32 be sold at public sale as provided in chapter 75, or at private
33 sale, without notice and hearing as provided in section 73A.12.
34 Bonds may bear dates, bear interest at rates not exceeding that
35 permitted by chapter 74A, mature in one or more installments,

1 be in registered form, carry registration and conversion
2 privileges, be payable as to principal and interest at times
3 and places, be subject to terms of redemption prior to maturity
4 with or without premium, and be in one or more denominations,
5 all as provided by the resolution of the board of directors
6 authorizing their issuance. The resolution may also prescribe
7 additional provisions, terms, conditions, and covenants which
8 the board of directors deems advisable, including provisions
9 for creating and maintaining reserve funds, the issuance of
10 additional bonds ranking on a parity with such bonds and
11 additional bonds junior and subordinate to such bonds, and
12 that such bonds shall rank on a parity with or be junior and
13 subordinate to any bonds which may be then outstanding. Bonds
14 may be issued to refund outstanding and previously issued bonds
15 under this section. The bonds are a contractual obligation
16 of the school district or the charter school institute, as
17 appropriate, and the resolution issuing the bonds and pledging
18 local option sales and services tax revenues or its share
19 of the revenues distributed pursuant to section 256I.11,
20 subsection 1, or section 423F.2 to the payment of principal and
21 interest on the bonds is a part of the contract. Bonds issued
22 pursuant to this section shall not constitute indebtedness
23 within the meaning of any constitutional or statutory debt
24 limitation or restriction, and shall not be subject to any
25 other law relating to the authorization, issuance, or sale of
26 bonds.

27 2. A school district and the charter school institute shall
28 be authorized to enter into a chapter 28E agreement with one
29 or more cities or a county whose boundaries encompass all or
30 a part of the area of the school district or an institute
31 charter school. A city or cities entering into a chapter
32 28E agreement shall be authorized to expend its designated
33 portion of the revenues for any valid purpose permitted in
34 this chapter or authorized by the governing body of the city.
35 A county entering into a chapter 28E agreement with a school

1 district shall be authorized to expend its designated portion
2 of the revenues to provide property tax relief within the
3 boundaries of the school district located in the county. A
4 school district ~~is~~ and the charter school institute are also
5 authorized to enter into a chapter 28E agreement with another
6 school district, a community college, or an area education
7 agency which is located partially or entirely in or is
8 contiguous to the county where the school district or institute
9 charter school is located. The school district, charter
10 school institute, or community college shall only expend its
11 designated portion of the revenues for infrastructure purposes.
12 The area education agency shall only expend its designated
13 portion of the revenues for infrastructure and maintenance
14 purposes. The charter school institute shall only expend its
15 designated portion of the revenues for infrastructure and
16 maintenance purposes for the institute charter school for
17 which the revenues were received pursuant to section 256I.11,
18 subsection 1.

19 EXPLANATION

20 This bill establishes a charter school institute within
21 the department of education to review and assist in the
22 establishment of institute charter schools, which are
23 tuition-free public schools; assist in the conversion of a
24 school district charter school to an institute charter school;
25 approve or deny institute charter school applications and
26 revoke, renew, or refuse to renew institute charter school
27 contracts; monitor the operations of institute charter schools
28 and the academic achievement of students attending institute
29 charter schools; and to model best practices in authorizing
30 charter schools and make those practices available to school
31 districts. The policymaking body of the institute is the
32 nine-member institute board, but the state board of education
33 has general supervisory authority over institute charter
34 schools.

35 The institute is authorized to enter into contracts or

1 service agreements with any public or private contractor to
2 provide administrative services or technical assistance to
3 institute charter schools. The institute, in collaboration
4 with the school budget review committee, is responsible for
5 monitoring the fiscal management of each institute charter
6 school.

7 An application for an institute charter school may
8 be submitted by one or more individuals, by a nonprofit,
9 governmental, or other entity or organization, or by an
10 existing charter school authorized by a school district.

11 An institute charter school applicant may submit an
12 application to the institute only if the school district in
13 which the school is to be located has not retained exclusive
14 authority to authorize charter schools. Nothing in the
15 bill shall be construed to eliminate the ability of a school
16 district to authorize charter schools pursuant to Code chapter
17 256F. A party may challenge the grant of exclusive authority
18 by filing with the state board a notice of challenge within 30
19 days after the state board grants exclusive authority. The
20 notice shall be accompanied by a specific written description
21 of the basis for the challenge. A school board may permit the
22 establishment of one or more institute charter schools within
23 the geographic boundaries of the school district by adopting a
24 favorable resolution and submitting the resolution to the state
25 board.

26 The institute board, in accordance with available funding,
27 may employ appropriate staff consistent with the Iowa merit
28 system, except that professional officers and professional
29 staff are exempt from the merit system. The institute board
30 may contract for professional services with persons who are not
31 state employees.

32 Seven of the institute board members shall be appointed by
33 the governor, with the consent of the senate, and two of the
34 members shall be appointed by the director of the department.
35 Members appointed to the institute board shall have experience

1 in at least one of the following areas: as a charter school
2 board member or founder, as a public school administrator with
3 experience working with charter schools, financial management
4 expertise, detailed knowledge of charter school law, other
5 board or public service experience, as a public school teacher,
6 school district special education expertise, or curriculum and
7 assessment expertise.

8 The mission of the institute board shall be to foster
9 high-quality public school choices offered through institute
10 charter schools, including particularly schools for at-risk
11 students. The bill specifies the powers of the institute
12 board.

13 The institute may contract with area education agency boards
14 or with any other qualified individual or public or private
15 entity or organization, including a school district, for the
16 provision of administrative or other support services directly
17 to the institute or for the benefit of institute charter
18 schools.

19 The institute shall ensure that each institute charter
20 school complies with the state statutory requirements relating
21 to multiple assessments, the comprehensive school improvement
22 plan, and reports. Each institute charter school must also
23 adopt the state's core content standards and address the
24 expulsion, suspension, and education of expelled or suspended
25 students in the same manner as school districts.

26 The institute may issue requests for proposals to solicit
27 applications for an institute charter school to serve at-risk
28 students.

29 The members or employees or agents of the institute shall
30 not be liable on account of any act or omission in good faith
31 while engaged in the performance of their duties, if the act
32 or omission does not constitute willful misconduct, gross
33 negligence, or recklessness.

34 A charter school institute fund is created in the state
35 treasury under the control of the institute. Any gifts,

1 grants, or donations received by the institute shall be
2 transmitted to the state treasurer, who shall credit the same
3 to the state charter school institute fund. The institute
4 is not obligated to commence operations necessary to receive
5 applications until such time as there is at least \$50,000
6 in the fund, and is not obligated to commence review of
7 applications actually received until the balance in the fund
8 reaches at least \$150,000.

9 An institute charter school shall be a public, nonsectarian,
10 nonreligious, nonhome-based school that operates pursuant to a
11 charter contract authorized by the charter school institute.
12 An institute charter school shall provide special education
13 services, be subject to the terms of the charter contract
14 entered into with the institute, be accountable to the
15 institute for purposes of ensuring compliance with applicable
16 laws and charter contract provisions, and be subject to the
17 accreditation process established by the state board.

18 An institute charter school shall be subject to all federal
19 and state laws and constitutional provisions prohibiting
20 discrimination. Enrollment in a school shall be open to any
21 child who resides within the state, except that the school
22 shall not be required to make alterations in the structure of
23 the facility used by the institute charter school or to make
24 alterations to the arrangement or function of rooms within
25 the facility, except as may be required by state or federal
26 law. Enrollment decisions must be made in a nondiscriminatory
27 manner.

28 Pursuant to the charter contract, an institute charter
29 school may operate free from specified statutes and state
30 board rules; however, the institute charter school must submit
31 a request for release from the state statutes and rules to
32 the state board. The state board may waive state statutory
33 requirements or rules promulgated by the state board; except
34 that the state board may not waive any state statute or rule
35 relating to assessments, the comprehensive school improvement

1 plan, and reports required by the state board. Any waiver of
2 state statute or state board rule made shall be for the term
3 of the contract for which the waiver is made. A request for
4 a waiver may be submitted to the institute as a part of the
5 application for an institute charter school.

6 An institute charter school may negotiate and contract with
7 a school district, community college, or regents university, or
8 any third party for the use of a school building and grounds,
9 and the provision of any service, activity, or undertaking that
10 the institute charter school is required to perform in order
11 to carry out the educational program described in its charter
12 contract. All decisions regarding the planning, siting, and
13 inspection of institute charter school facilities shall be made
14 in accordance with the state building code in the absence of
15 a local building code.

16 An institute charter school is authorized to offer any
17 educational program, including an online program, unless
18 expressly prohibited by its charter contract or by state law.

19 An institute charter school must comply with federal and
20 state laws and regulations relating to school meal programs,
21 and shall be eligible for state and federal funds allocated for
22 school meals.

23 An institute charter school may organize as a nonprofit
24 corporation pursuant to the "Revised Iowa Nonprofit Corporation
25 Act". For tax-exempt financing purposes, an institute charter
26 school is a governmental entity.

27 The bill specifies the content of the institute charter
28 school application, which includes a mission statement; the
29 goals, objectives, and pupil performance standards to be
30 achieved by the school for all students who enroll; evidence
31 that an adequate number of parents, teachers, and pupils
32 support the formation of the school; a description of the
33 school's educational program and the plan for administration
34 of the assessments; a description of the school's plan for
35 evaluating pupil performance and the procedures for taking

1 corrective action in the event that pupil performance at the
2 school falls below goal; evidence that the school plan is
3 economically sound, a proposed budget for the term of the
4 contract, and a description of the manner in which an annual
5 audit of the financial and administrative operations of the
6 school will be conducted; a description of the governance and
7 operation of the school; an explanation of the relationship
8 that will exist between the school and its employees; a plan
9 for the school to meet insurance coverage requirements; a
10 plan for the school to conduct community outreach to recruit
11 and retain at-risk students; a description of the school's
12 enrollment policy; and a description and plan for a partnership
13 with one or more businesses.

14 The institute board shall set forth procedures for the
15 application and application review process, and shall describe
16 a rigorous review of the application that includes but is
17 not limited to the following key evaluative areas: the
18 curriculum and instructional program; nonacademic program
19 characteristics; financial viability; appropriate governance
20 model and proposed practices; appropriate, consistent, clear,
21 and measurable accountability systems; and the extent to which
22 the instructional program fits the school's mission statement.

23 The applicant must provide written notification of the
24 application to the school board of the school district in
25 which the proposed institute charter school is intended to be
26 located. The school district's board and school improvement
27 committee may submit written comments to the institute
28 concerning the application.

29 The institute board must hold a public hearing on the
30 application for an institute charter school, following
31 reasonable public notice, within 60 days after receiving the
32 application. The institute charter school applicant and the
33 institute may jointly waive the deadlines set forth in the
34 bill.

35 If the institute denies an application, it shall state

1 its reasons for the denial and the entity that submitted the
2 application may appeal the decision to the state board. The
3 decision of the state board shall be final and not subject to
4 appeal.

5 A new charter contract for an institute charter school may
6 be approved for succeeding periods of at least three academic
7 years but not more than five academic years, and the charter
8 contract may be renewed for a period not to exceed five
9 academic years unless both parties agree for the purpose of
10 enhancing the terms of any lease or financial obligation.

11 An institute charter school shall submit an annual report
12 to the institute on the school's progress. The institute
13 board may revoke or deny renewal of a charter contract if
14 the institute board determines that the school committed a
15 material violation of any of the conditions, standards, or
16 procedures set forth in the charter contract; failed to meet
17 or make reasonable progress toward achievement of the core
18 content standards or pupil performance standards identified in
19 the charter contract; received a substandard overall academic
20 performance rating upon the completion of the third school
21 year of operation under a comprehensive school improvement
22 plan and the state board recommended that the institute
23 charter school be converted to a charter school under contract
24 with a school district; failed to meet generally accepted
25 accounting principles of fiscal management; or violated any
26 provision of law from which the institute charter school was
27 not specifically exempted. In addition, the institute board
28 may deny renewal of a charter contract if it determines that it
29 is not in the best interests of the pupils attending the school
30 to continue the operation of the school.

31 The state board may review decisions of the institute board
32 concerning the revocation or nonrenewal of a school's charter
33 contract. Within 60 days after receipt of the notice of appeal
34 or the making of a motion to review by the state board and after
35 reasonable public notice, the state board, at a public hearing

1 which may be held in the school district in which the institute
2 charter school is located, shall review the decision of the
3 institute board and make its findings. The decision of the
4 state board shall be final and not subject to appeal.

5 Employees of an institute charter school shall be members
6 of the Iowa public employees' retirement system and the school
7 and the employee shall contribute the appropriate respective
8 amounts as required in statute.

9 A pupil enrolled in an institute charter school shall be
10 counted, for state school foundation aid purposes, in the
11 pupil's district of residence. The board of directors of the
12 district of residence shall pay to the institute the state
13 cost per pupil for the previous school year, plus any moneys
14 received for the pupil on a pro rata basis for programs for
15 at-risk children, and any moneys received for the pupil as a
16 result of the non-English speaking weighting for the previous
17 school year multiplied by the state cost per pupil for the
18 previous year. The school district of residence shall also
19 pay to the institute the sales tax capacity per student amount
20 the school district received for the pupil for the secure
21 advanced vision for education fund. If the pupil enrolled in
22 an institute charter school is also an eligible pupil under the
23 postsecondary enrollment options program, the institute charter
24 school shall pay the tuition reimbursement amount specified in
25 statute to an eligible postsecondary institution.

26 Each institute charter school and the institute shall
27 negotiate funding under the charter contract at a minimum
28 of 95 percent of the institute charter school's per pupil
29 revenues generated for each pupil enrolled in the institute
30 charter school. The institute may retain the actual amount
31 of the institute charter school's per pupil share of the
32 administrative overhead costs for services actually provided
33 to the institute charter school; except that the institute
34 may retain no more than the actual cost of the administrative
35 overhead costs not to exceed 3 percent of the school's per

1 pupil revenues for each pupil enrolled in the school.

2 Each institute charter school shall pay an amount equal
3 to the per pupil cost incurred by the institute in providing
4 federally required educational services, multiplied by the
5 number of students enrolled in the school. At either party's
6 request, the school and the institute may negotiate and
7 include in the charter contract alternate arrangements for the
8 provision of and payment for federally required educational
9 services, including but not limited to a reasonable reserve
10 not to exceed 5 percent of the institute's total budget for
11 providing federally required educational services. The reserve
12 shall only be used by the institute to offset excess costs of
13 providing services to students with disabilities enrolled in
14 any institute charter school.

15 Within 90 days after the end of each fiscal year, the
16 institute shall provide to each institute charter school an
17 itemized accounting of all the institute's administrative
18 overhead costs. The actual administrative overhead costs shall
19 be the amount charged to the school.

20 The funding provided by the institute to an institute
21 charter school shall be reduced by the amount of any direct
22 payments of principal and interest due on bonds issued
23 on behalf of a school by the institute for the purpose of
24 financing institute charter school capital construction.

25 The school budget review committee shall review the proposed
26 budget and certified budget of each institute charter school
27 and may make recommendations to the school, the department, the
28 state board, and the institute.

29 The institute shall require each institute charter school
30 annually to allocate a minimum per pupil dollar amount
31 specified by the institute to a fund created by the school
32 for capital reserve purposes or for insurance to protect the
33 school from tort liability, loss of property, environmental
34 hazards, or any other risk associated with the operation
35 of the school. Each school must also annually allocate a

1 minimum per pupil dollar amount specified by the charter school
2 institute to a fund created by the school for instructional
3 supplies and materials, instructional capital outlays, or other
4 instructional purposes agreed to by the institute and the
5 school.

6 Finally, the bill authorizes the board of directors
7 of the charter school institute to issue negotiable,
8 interest-bearing school bonds, without election, and utilize
9 tax receipts derived from the sales and services tax for
10 school infrastructure purposes and the supplemental school
11 infrastructure amount distributed and revenues received for
12 principal and interest repayment; and to enter into a Code
13 chapter 28E agreement with one or more cities or a county whose
14 boundaries encompass all or a part of the area of an institute
15 charter school.